

**BEFORE THE
JOINT COMMITTEE ON ENERGY AND TECHNOLOGY
March 4, 2021**

**TESTIMONY OF DANIEL ALLEGRETTI
on behalf of
THE RETAIL ENERGY SUPPLY ASSOCIATION
on
RAISED BILL 6526 (LCO 3929)**

Chairman Needleman, Chairman Arconti, members of the Committee, my name is Daniel Allegetti. I am a consultant with Sigma Consultants and am here today on behalf the Retail Energy Supply Association (RESA). RESA is the national trade association which represents competitive electricity suppliers across the United States, including here in Connecticut. RESA is opposed to the bill before you (LCO 3929).

This bill does far more than merely add an additional layer of consumer protections to the already extensive oversight authority the Public Utility Regulatory Authority has over competitive retail electricity sales. This bill represents a sweeping abrogation of energy policy from the legislature to the Public Utility Regulatory Authority that will grant PURA blanket ratemaking authority over competitive residential sales with no meaningful standards. Further, the bill will also grant PURA the ability to re-write reasonable and lawful contract provisions that are freely entered into between businesses and consumers without the consent of either one of them. Allowing consumers who are dissatisfied a means of redress before the Authority is one thing. Allowing the Authority to set or modify prices with no standards and no due process and to terminate voluntary contractual relationships for no cause at all is unjust, unnecessary, and contrary to the interest of consumers.

Section 7(a) (lines 145-150) would allow the Authority to require suppliers to prove that their products are not overpriced or harmful to consumers as a continuing and ongoing condition of doing business. While RESA is not suggesting that electricity should ever be overpriced or that consumers should be subjected to harm, the language of the bill is completely unmoored to any recognizable legal or regulatory standard.

In the United States electricity is sold either based on recognized principles of cost of service regulation based on an established body of law or as a competitive product whose price is made transparent and is subject to the competitive price discipline of the marketplace. The imposition of traditional price regulation it must be noted always comes with protection for the utility in the form of the ability to seek approved recovery through rates of all prudently incurred costs. By contrast, in a competitive market, such as exists in Connecticut, retail electric suppliers are continually at risk for incurring unrecoverable losses on their electricity sales. There is no

jurisdiction or regulatory body, however, that we know of anywhere which requires sellers of electricity to make ongoing proof that their products are not “overpriced” while at the same time exposing those same suppliers to the full risk of losing money in a competitive environment. This completely subjective “heads I win tails you lose” approach is unfair to suppliers, will inhibit many if not all suppliers from participating in the residential electricity market in Connecticut and will limit the energy choices available to Connecticut consumers. Rather than grant PURA this one-sided ability to regulate prices charged by suppliers we believe a better approach is to increase transparency, lower barriers to entry and allow competitive forces to drive down prices. Streamlining the enrollment process to minimize the burden and delay for customers when they choose an offer they want, making it easier for customers to enroll and switch online and simplifying the mandatory disclosures provided to customers to help them find the information they want could all greatly improve the process. By making it easier for customers to drop a supplier they think is too expensive or unresponsive and choose a better offer instead customers become empowered to protect themselves. For these reasons RESA strongly objects to this section of the bill.

Secondly, RESA has strong concerns with Section 4 (lines 52-57, 84-85 and 102-103). This section of the bill would effectively allow PURA to terminate the ongoing service relationship between suppliers and residential customers any time lawful notice of a change in terms and conditions is provided. This is unprecedented, unnecessary and will create confusion and frustration for many customers. Today consumers purchase many things on a subscription basis. Examples include telephone, internet, water, fuel oil, natural gas, data storage, cable television, streaming video, streaming music, newspapers and magazines. In all of these subscription services the terms and conditions of service change over time. Requiring that consumers receive proper notification when prices or terms change and allowing a customer to drop their provider when changes do occur are reasonable and are already required for competitive electricity sales in Connecticut. In none of the above-mentioned subscription contexts, however, are customers required to go through the burdensome steps of re-subscribing or having their service automatically cut off by the state every time terms and conditions change. Yet, the bill before you would do

exactly that in the context of electricity. RESA believes that Section 4 is an unnecessary limitation on customers right to choose and will in fact confuse and frustrate consumers who do not understand why they must re-subscribe with the same supplier they have already chosen or why their service was dropped because they did not do so. For these reasons RESA strongly objects to this section of the bill.

For the above reasons RESA strongly opposes LCO 3929.

Finally, I should note that the comments expressed in this testimony represent the position of the Retail Energy Supply Association (RESA) as an organization but may not represent the views of any particular member of the Association. Founded in 1990, RESA is a broad and diverse group of retail energy suppliers dedicated to promoting efficient, sustainable and customer-oriented competitive retail energy markets. RESA members operate throughout the United States delivering value-added electricity and natural gas service at retail to residential, commercial and industrial energy customers. More information on RESA can be found at www.resausa.org.